

State of Arkansas
ARKANSAS LOTTERY COMMISSION

REQUEST FOR PROPOSAL

RFP Number: ALC-090004	Buyer:
Commodity: Advertising, Marketing, and Media Services	Proposal Opening Date: August 5 , 2009
Date: July 15, 2009	Proposal Opening Time: 2:30 P.M. CDT

PROPOSALS WILL BE ACCEPTED UNTIL THE TIME AND DATE SPECIFIED ABOVE. THE PROPOSAL ENVELOPE MUST BE SEALED AND SHOULD BE PROPERLY MARKED WITH THE PROPOSAL NUMBER, DATE AND HOUR OF PROPOSAL OPENING AND VENDOR'S RETURN ADDRESS. IT IS NOT NECESSARY TO RETURN "NO BIDS" TO THE ARKANSAS LOTTERY COMMISSION.

Vendors are responsible for delivery of their proposal documents to the Arkansas Lottery Commission prior to the scheduled time for opening of the particular proposal. When appropriate, Vendors should consult with delivery providers to determine whether the proposal documents will be delivered to the Arkansas Lottery Commission office street address prior to the scheduled time for proposal opening. Delivery providers, USPS, UPS, FedEx, and DHL deliver mail to our street address, 500 President Clinton Avenue #215, Little Rock, Arkansas 72201, on a schedule determined by each individual provider. These providers will deliver to our offices based solely on our street address.

MAILING ADDRESSES: 500 President Clinton Avenue #215 Little Rock, Arkansas 72201	PROPOSAL OPENING LOCATION: Arkansas Lottery Commission Offices
TELEPHONE NUMBER: (501) 683-2000	

Company Name: _____

Name (type or print): _____

Title: _____

Address: _____

Telephone Number: _____

Fax Number: _____

E-Mail Address: _____

Signature: _____

USE INK ONLY; UNSIGNED PROPOSALS WILL NOT BE CONSIDERED

Identification:

*

*

Federal Employer ID Number

Social Security Number

FAILURE TO PROVIDE TAXPAYER IDENTIFICATION NUMBER MAY RESULT IN PROPOSAL REJECTION

Business Designation (check one):	Individual *	Sole Proprietorship *	Public Service Corp *
	Partnership *	Corporation *	Government/ Nonprofit *

GENERAL DESCRIPTION:	Comprehensive Advertising, Marketing, and Media Services
TYPE OF CONTRACT:	Term
BUYER:	
AGENCY P.R. NUMBER	

INVOICE TO:

F.O.B:

MINORITY-OWNED AND FEMALE-OWNED BUSINESS POLICY

Participation by minority-owned and female-owned businesses is encouraged in this and all other procurements by state agencies. "Member of a minority" is defined at Arkansas Code Annotated § 23-115-103(15) as "a lawful permanent resident of this state who is: (A) African American; (B) Hispanic American; (C) American Indian; (D) Asian American; or (E) Pacific Islander American". "Minority-owned business" is defined at Arkansas Code Annotated § 23-115-103(16) as "a business that is owned by: (A) An individual who is a member of a minority who reports as his or her personal income for Arkansas income tax purposes the income of the business; (B) A partnership in which a majority of the ownership interest is owned by one (1) or more members of a minority who report as their personal income for Arkansas income tax purposes more than fifty percent (50%) of the income of the partnership; or (C) A corporation organized under the laws of this state in which a majority of the common stock is owned by one (1) or more members of a minority who report as their personal income for Arkansas income tax purposes more than fifty percent (50%) of the distributed earnings of the corporation". The Arkansas Economic Development Commission conducts a certification process for minority businesses. Vendors unable to include minority-owned business as subcontractors "may explain the circumstances preventing minority inclusion".

"Female-owned business" is defined at Arkansas Code Annotated § 23-115-103(5) as "a business: (A) Whose management and daily business operations are under the control of one (1) or more females; and (B) Either: (i) Individually owned by a female who reports as her personal income for Arkansas income tax purposes the income of the business; (ii) Which is a partnership in which a majority of the ownership interest is owned by one (1) or more females who report as their personal income for Arkansas income tax purposes more than fifty percent (50%) of the income of the partnership; or (iii) Which is a corporation organized under the laws of this state in which a majority of the common stock is owned by one (1) or more females who report as their personal income for Arkansas income tax purposes more than fifty percent (50%) of the distributed earnings of the corporation".

The ALC strongly encourages utilization of small, minority-owned, and women-owned businesses to the greatest extent possible, including subcontractors. ALC will employ staff to assist prospective vendors and retailers with entering into and competing for contracts.

EQUAL EMPLOYMENT OPPORTUNITY POLICY:

In compliance with Section 5 of the Arkansas Lottery Commission Major Procurement Rules, the Office of State Procurement of the Department of Finance and Administration is required to have a copy of the Vendor's Equal Opportunity Policy prior to issuing a contract award. EO Policies may be submitted in electronic format to the following email address: camber.thompson@dfa.arkansas.gov or as a hard copy accompanying the solicitation response. The Office of State Procurement and the Arkansas Lottery Commission will maintain a file of all Vendor EO policies submitted in response to solicitations issued by this office. The submission is a one time requirement but Vendors are responsible for providing updates or changes to their respective policies and of supplying EO policies upon request to other state agencies that must also comply with this statute.

TECHNOLOGY ACCESS FOR THE BLIND

Please reference Section 508 of the federal Rehabilitation Act, 29 U.S.C. 794d and Arkansas Code Annotated § 25-26-201 et seq. The Vendor expressly acknowledges that State funds may not be expended in connection with the purchase of information technology unless that system meets certain statutory requirements, in accordance with the State of Arkansas technology policy standards, relating to accessibility by persons with visual impairments.

Accordingly, the Vendor represents and warrants to the Arkansas Lottery Commission that the technology provided to the Arkansas Lottery Commission for purchase is capable either by virtue of features included within the technology or because it is readily adaptable by use with other technology of:

- Providing equivalent access for effective use by both visual and non-visual means;
- Presenting information, including prompts used for interactive communications, in formats intended for non-visual use; and
- After being made accessible, it can be integrated into networks for obtaining, retrieving, and disseminating information used by individuals who are not blind or visually impaired.

For purposes of this paragraph, the phrase "equivalent access" means a substantially similar ability to communicate with or make use of the technology, either directly by features incorporated within technology or by other reasonable means such as assistive devices or services which would constitute reasonable accommodations under the Americans with Disabilities Act or similar state or federal laws. Examples of methods by which equivalent access may be provided include, but are not limited to, keyboard alternatives to mouse commands and other means of navigating graphical displays, and customizable display appearance.

ACT 157 of 2007 EMPLOYMENT OF ILLEGAL IMMIGRANTS

Pursuant to Act 157 of 2007 (Ark. Code Ann. § 19-11-105), all Vendors must certify prior to award of the contract that they do not employ or contract with any illegal immigrants in its contract with the State.

Vendors shall certify online at:

http://www.arkansas.gov/dfa/procurement/pro_index.html

Any subcontractors used by the Vendor at the time of the Vendor's certification shall also certify that they do not employ or contract with any illegal immigrant. Certification by the subcontractors shall be submitted within thirty (30) days after contract execution.

ARKANSAS LOTTERY COMMISSION MAJOR PROCUREMENT RULES

Vendors are subject to all requirements of the Arkansas Lottery Commission Major Procurement Rules (Attachment A), whether such requirements are specifically set forth in this RFP or not.

ALTERATION OF ORIGINAL RFP DOCUMENTS

The original written or electronic language of the RFP shall not be changed or altered except by approved written addendum issued by the Arkansas Lottery Commission. This does not eliminate a Vendor from taking exception(s) to these documents, but does clarify that the Vendor cannot change the original document's written or electronic language. If the Vendor wishes to make exception(s) to any of the original language, it must be submitted by the Vendor in separate written or electronic language in a manner that clearly explains the exception(s). If Vendor's/Contractor's submittal is discovered to contain

alterations/changes to the original written or electronic documents, the Vendor 's response may be declared as "non-responsive" and the response shall not be considered.

REQUIREMENT OF AMENDMENT

THIS RFP MAY BE MODIFIED ONLY BY AMENDMENTS WRITTEN AND AUTHORIZED BY THE ARKANSAS LOTTERY COMMISSION. Vendors are cautioned to ensure that they have received or obtained and responded to any and all amendments to the RFP prior to submission.

DELIVERY OF RESPONSE DOCUMENTS

In accordance with the Arkansas Lottery Commission Major Procurement Rules, it is the responsibility of vendors to submit proposals at the place and on or before the date and time set in the RFP solicitation documents. Proposal documents received at the Arkansas Lottery Commission Offices after the date and time designated for proposal opening are considered late proposals and shall not be considered. Proposal documents that are to be returned may be opened to verify which RFP the submission is for.

INTENT TO AWARD

After complete evaluation of the proposal, the intent to award will be posted on the Arkansas Lottery Commission's website (www.lotterycommission.arkansas.gov/) and/or the legal section of a newspaper of statewide circulation. The purpose of the posting is to establish a specific time in which vendors and agencies are aware of the intent to award. The RFP results will be posted for a period of at least five (5) business days prior to the issuance of any award. Vendors and agencies are cautioned that these are preliminary results only, and no official award will be issued prior to the end of the five-day posting period. Accordingly, any reliance on these preliminary results is at the agency's/vendor's own risk.

The Arkansas Lottery Commission reserves the right to waive this policy, The Intent to Award, when it is in the best interest of the State. Vendors are responsible for viewing the Intent to Award section of the Arkansas Lottery Commission's web site at:

www.lotterycommission.arkansas.gov/.

PAST PERFORMANCE:

In accordance with provisions of the Arkansas Lottery Commission Major Procurement Rules Section (7)(C)(x)(g) a vendor's past performance with the State may be used in the evaluation of any offer made in response to this solicitation. The past performance should not be greater than three (3) years old and must be supported by written documentation on file in the Arkansas Lottery Commission at the time of the proposal opening. Documentation may be in the form of either a written or electronic report, VPR; memo, file or any other appropriate authenticated notation of performance to the vendor files.

EO-98-04 GOVERNOR'S EXECUTIVE ORDER:

Completion of Disclosure Forms located at www.state.ar.us/dfa/procurement/pro_eo9804.html is required by Governor's Executive Order EO-98-04 as a condition of obtaining, extending, amending, or renewing a contract, lease, purchase agreement, or grant award with any Arkansas state agency.

SECTION I. GENERAL INFORMATION

1.0 INTRODUCTION

The purpose of this Request For Proposal (RFP) is to invite responses (Proposals) from Vendors desiring to provide advertising, marketing, and media services for the Arkansas Lottery Commission (ALC). The ALC intends to execute one contract as a result of this procurement (the Contract), if any contract is issued at all, encompassing all of the products and services contemplated in this RFP, and Proposals shall be evaluated accordingly. All Vendors must fully acquaint themselves with the ALC's needs and requirements and obtain all necessary information to develop an appropriate solution and to submit responsive and effective Proposals. Vendors must also acquaint themselves with the ALC's Major Procurement Rules (Attachment A), and adhere to the requirements of those rules throughout this process.

The Arkansas Lottery Commission is an instrumentality of the State of Arkansas. It plans to employ approximately ninety (90) people statewide and plans to staff and operate four (4) prize payment centers, a headquarters located in Little Rock, Arkansas and three (3) district offices by the start-up of instant ticket sales in October 2009. The ALC is committed to maximizing revenues for specific scholarship education programs in Arkansas by providing entertaining lottery products and quality customer service to retailers and players, while maintaining its integrity and the integrity of its games.

1.1 ISSUING AGENCY

The Arkansas Lottery Commission (ALC) is the issuing agency of this RFP. The issuing agency is the sole point of contact in the State for the selection process. Vendor questions regarding RFP related matters should be made in writing through the Director of the ALC. Questions regarding technical information or clarification should be addressed to the Director of the ALC at the ALC Offices.

1.2 SCHEDULE OF EVENTS

Release RFP	July 15, 2009
Written vendor questions due	July 22, 2009
Answers to vendor questions	July 29, 2009
Evaluation of proposals	Approximately 7 days after proposal opening
Intent to Award	Approximately 1 day after evaluation
ASLLOC review	Approximately 7 days
Contract Execution	Approximately 1 day after ASLLOC review

Proposals are due no later than the date and time listed on Page 1 of the RFP.

1.3 CAUTION TO VENDORS

- During the time between the proposal opening and contract award, any contact concerning this RFP will be initiated by the issuing office or requesting entity and not the Vendor. Specifically, the person(s) named herein will initiate all contact.
- **Vendors are requested to respond to each numbered paragraph of the RFP.**
- Vendors must submit one (1) signed original proposal on or before the date specified on page one of this RFP. The Vendor should submit seven (7) complete copies (marked copy) of the signed RFP response, and two (2) electronic versions (one (1) redacted electronic version and one (1) unredacted electronic version), preferably in MS Word/Excel format, on CD. **Do NOT include any pricing from the Official Proposal Price Sheet on the copies, including the CD. Pricing from the Official Proposal Price Sheet must be separately sealed from the proposal response and clearly marked as pricing information. The electronic version of the Official Proposal Price Sheet must also be sealed separately from the electronic version of the proposal.** Failure to submit the required number of copies with the proposal may be cause for rejection. If the ALC requests additional copies of the proposal, they must be delivered within twenty-four (24) hours of request.
- For a proposal to be considered, an official authorized to bind the Vendor to a resultant contract must have signed the proposal and the Official Proposal Price Sheet.
- All official documents and correspondence shall be included as part of the resultant Contract.
- The ALC reserves the right to award a contract or reject a proposal for any or all line items of a proposal received as a result of this RFP, if it is in the best interest of the ALC to do so. Proposals will be rejected for one or more reasons not limited to the following:

- a. Failure of the Vendor to submit his or her proposal(s) on or before the deadline established by the issuing office;
 - b. Failure of the Vendor to respond to a requirement for oral/written clarification, presentation, or demonstration;
 - c. Failure to supply Vendor references;
 - d. Failure to sign an Official RFP Document;
 - e. **Failure to complete the Official Proposal Price Sheet(s) and include them sealed separately from the rest of the proposal;**
 - f. Any wording by the Vendor in their response to this RFP, or in subsequent correspondence, which conflicts with or takes exception to a requirement in the RFP; or
 - g. Failure of any proposed services to meet or exceed the specifications.
- The Official Price Proposal Sheet is posted and may be downloaded at www.lotterycommission.arkansas.gov/.

1.4 RFP FORMAT

Any statement in this document that contains the word “**must**” or “**shall**” means that compliance with the intent of the statement is mandatory, and failure by the Vendor to satisfy that intent will cause the proposal to be rejected. It is recommended that Vendors respond to each item or paragraph of the RFP in sequence. Items not needing a specific vendor statement may be responded to by concurrence or acknowledgement; no response will be interpreted as an affirmative response or agreement to the ALC conditions. Reference to handbooks or other technical materials as part of a response must not constitute the entire response and Vendor must identify the specific page and paragraph being referenced.

1.5 SEALED PRICES

The Official Proposal Price Sheet submitted in response to this RFP must be submitted separately sealed from the proposal response. **Vendors must include all pricing information on the Official Price Proposal Sheet and must clearly mark said page(s) as pricing information. The electronic version of the Official Proposal Price Sheet must also be sealed separately from the electronic version of the proposal.**

1.6 TYPE OF CONTRACT

This will be a term contract for a term of five (5) years from date of award, with an option for renewal up to three (3) additional times in one (1) year increments or a portion thereof.

The ALC will have the option to renegotiate at time of renewal.

1.7 PAYMENT AND INVOICE PROVISIONS

All invoices shall be delivered to the ALC.

The Invoice, Invoice Remit, and Summary must be delivered via paper at no cost to the ALC.

The ALC shall have no responsibility whatsoever for the payment of any federal, state, or local taxes which become payable by the Successful Vendor or its subcontractors, agents, officers, or employees. The Successful Vendor shall pay and discharge all such taxes when due.

Payment will be made in accordance with applicable State of Arkansas accounting procedures upon acceptance by the Agency. The ALC may not be invoiced in advance of delivery and acceptance of any services. Payment will be made only after the Successful Vendor has successfully satisfied the requesting agency as to the reliability and effectiveness of the services as a whole. Purchase Order Number and/or Contract Number should be referenced on each invoice.

The Successful Vendor shall be required to maintain all pertinent financial and accounting records and evidence pertaining to the Contract in accordance with generally accepted principles of accounting and other procedures specified by the ALC. Access will be granted upon request, to State or Federal Government entities or any of their duly authorized representatives.

Financial and accounting records shall be made available, upon request, to the ALC's designee(s) at any time during the contract period and any extension thereof, and for five (5) years from expiration date and final payment on the Contract or extension thereof.

1.8 PROPRIETARY INFORMATION

Proprietary information submitted in response to this RFP will be processed in accordance with the ALC's Major Procurement Rules and all applicable State of Arkansas procurement procedures. Proposals and documents pertaining to the RFP become the property of the State and after proposal opening shall be open to public inspection pursuant to the Arkansas Freedom of Information Act, § 25-19-101 et seq. It is the responsibility of the Vendor to identify all proprietary information and to seal such information in a separate envelope marked as confidential and proprietary.

The Vendor must submit one (1) complete copy of the proposal from which any proprietary information has been removed, i.e., a redacted copy. The redacted copy should reflect the same pagination as the original, show the empty space from which information was redacted, and be submitted on a CD. Except for the redacted information, the CD must be identical to the original hard copy. The Vendor is responsible for ensuring the redacted copy on CD is protected against restoration of redacted data.

1.9 CLARIFICATION OF RFP AND QUESTIONS

If additional information is necessary to enable Vendors to better interpret the information contained in the RFP, written questions will be accepted until the close of business (5:00 PM CDT) on July 22, 2009. Vendor questions submitted in writing will be consolidated and responded to by the ALC. The consolidated written ALC response will be posted on the ALC website on or before the close of business (5:00 PM CDT) on July 29, 2009. Written questions should be sent to the attention of the ALC Director at the ALC Offices.

1.10 BID EVALUATION

The ALC RFP evaluation committee will evaluate all proposals to ensure all requirements are met. The Contract will be awarded on the basis of the proposal that receives the highest cumulative point total as defined in the evaluation criteria.

1.11 ORAL AND/OR WRITTEN PRESENTATIONS/DEMONSTRATIONS

The Vendor may be required to make oral and/or written presentations to comply with the requirement.

The RFP evaluation committee chairperson will schedule the time and location for each demonstration or presentation. All presentations are subject to be recorded.

All expenses associated with the initial demonstration except travel, meals, and lodging for ALC personnel, will be borne by the Vendor.

1.12 PERFORMANCE SECURITY

In order to assure full performance of all obligations imposed on a Vendor by contracting with the ALC, the Vendor will be required to provide a performance security in an amount of at least .05% of the total proposal price submitted by the Vendor within ten (10) working days from date of receipt of the ALC's written notification by mail of its intent to award a proposal. The form of security required shall be a performance bond such as is usually and customarily written and issued by surety companies licensed and authorized to do business in Arkansas or a cashier's/certified check. An irrevocable letter of credit

from an Arkansas bank is also acceptable. The ALC shall award the Contract upon acceptance of the performance security. The performance security should be made out to the ALC and will be on file at the ALC office.

If a Vendor fails to deliver the required performance security, the proposal shall be rejected and the contract shall be awarded to the provider of the next ranked proposal. In the event of a breach of contract, either through quality problems, late delivery, substitutions, non-performance, or other areas within the control of the Vendor, the ALC will notify the Vendor in writing of the default and may assess reasonable charges against the Vendor's performance security. If, after notification of default, the Vendor fails to remedy the ALC's damages within ten (10) working days, the ALC may initiate procedures for collection against the Vendor's performance security.

In the event of default, and in order to achieve the greatest economy for the State, the ALC may choose the next highest ranked Vendor, re-advertise for proposals, negotiate a purchase, or complete any other action consistent with the major procurement rules. The performance security will be released at the end of the contract period.

1.13 PRIME CONTRACTOR RESPONSIBILITY

The Successful Vendor will be required to assume prime contractor responsibility for the Contract and will be the sole point of contact.

The ALC reserves the right to interview the key personnel assigned by the Successful Vendor to this project and to recommend or require reassignment of personnel deemed unsatisfactory by the ALC.

The ALC reserves the right to approve subcontractors for this project and require primary contractors to replace subcontractors that are found to be unacceptable.

If any part of the work is to be subcontracted the Vendor is subject to the provisions of Arkansas Code Annotated § 23-115-501(c), in that the Vendor must disclose the same information for the subcontractor as for itself. Responses to this RFP must include a list of subcontractors, including: firm name and address, contact person, complete description of work to be subcontracted, and descriptive information concerning subcontractor's business organization.

1.14 DELEGATION AND/OR ASSIGNMENT

The Vendor shall not assign the Contract in whole or in part or any payment arising there from without the prior written consent of the ALC. The Vendor shall not delegate any duties under the Contract to a subcontractor unless the ALC has given written consent to the delegation.

1.15 CONDITIONS OF CONTRACT

The Successful Vendor shall at all times observe and comply with federal and State laws, local laws, ordinances, orders, and regulations existing at the time of or enacted subsequent to the execution of this contract which in any manner affect the completion of the work. The Successful Vendor shall indemnify and save harmless the agency and all its officers, representatives, agents, and employees against any claim or liability arising from or based upon the violation of any such law, ordinance, regulation, order, or decree by an employee, representative, or subcontractor of the Successful Vendor.

Vendors may obtain a copy of the ALC's Rules and Procedures at: <http://lotterycommission.arkansas.gov> .

1.16 CANCELLATION

In the event the ALC no longer needs the service or commodity specified in the Contract or purchase order due to program changes, changes in laws, rules, or regulations, relocation of offices, or lack of appropriated funding, the ALC may cancel the Contract or purchase order by giving the Vendor written notice of such cancellation thirty (30) days prior to the date of cancellation and a right to a hearing before the Commission.

1.17 STATEMENT OF LIABILITY

The ALC will demonstrate reasonable care but shall not be liable in the event of loss, destruction, or theft of contractor-owned technical literature to be delivered or to be used in the installation of deliverables. The Vendor is required to retain total liability for technical literature until the deliverables have been accepted by the "authorized agency official." At no time will the ALC be responsible for or accept liability for any Vendor-owned items.

The Successful Vendor shall indemnify and hold harmless the ALC, its officers, directors, agents, retailers, and employees and the State of Arkansas, from and against any and all suits, damages, expenses, losses, liabilities, claims of any kind, costs or expenses of any nature or kind, including, with limitation, court costs, attorneys' fees, and other damages, arising out of, in connection with or resulting from the development, possession, license, modification, disclosure or use of any copyrighted or non-copyrighted materials, trademark, service mark, secure process, invention, process or idea (whether patented or not), trade secret, confidential information, article, or appliance furnished or used by a vendor in the performance of the Contract.

1.18 AWARD RESPONSIBILITY

The ALC will be responsible for award and administration of any resulting contract(s).

1.19 INDEPENDENT PRICE DETERMINATION

By submission of this proposal, the Vendor certifies, and in the case of a joint proposal, each party thereto certifies as to its own organization, that in connection with this proposal:

- The prices in the proposal have been arrived at independently, without collusion and that no prior information concerning these prices has been received from or given to a competitive company; and
- If there is sufficient evidence of collusion to warrant consideration of this proposal by the Office of the Attorney General, all Vendors shall understand that this paragraph may be used as a basis for litigation.

1.20 PUBLICITY

News release(s), media interviews or other publicity by a Vendor pertaining to this RFP or any portion of the project shall not be made without prior written approval of the ALC. Failure to comply with this requirement is deemed to be a valid reason for disqualification of the Vendor's proposal.

The Successful Vendor agrees not to use the ALC's names, trademarks, service marks, logos, images, or any data arising or resulting from this RFP or the Contract as part of any commercial advertising or proposal without the express prior written consent of the ALC in each instance.

1.21 CONFIDENTIALITY

The Successful Vendor shall be bound to confidentiality of any confidential information that its employees may become aware of during the course of performance of contracted services. Consistent and/or uncorrected breaches of confidentiality may constitute grounds for cancellation of the Contract.

The Successful Vendor shall represent and warrant that its performance under the Contract will not infringe any patent, copyright, trademark, service mark, or other intellectual property rights of any other person or entity and that it will not constitute the unauthorized use or disclosure of any trade secret of any other person or entity.

1.22 PROPOSAL TENURE

All Proposals shall remain valid for one hundred eighty (180) calendar days from the Proposal due date referenced on Page 1 of the RFP.

1.23 COST

All charges must be included on the Official Proposal Price Sheets, must be valid for one hundred eighty (180) days following proposal opening, and shall be included in the costing evaluation. The pricing must include all associated cost for the service being bid. **Pricing from the Official Proposal Price Sheet must be separately sealed from the proposal response and clearly marked as**

pricing information. Do not include any pricing from the Official Proposal Price Sheet on the copies, including the CD. The electronic version of the Official Proposal Price Sheet must also be sealed separately from the electronic version of the proposal.

NOTE:

1. The ALC will not be obligated to pay any costs not identified on the Official Proposal Price Sheet.
2. Any cost not identified by the Vendor but subsequently incurred in order to achieve successful operation will be borne by the Vendor.
3. Official Proposal Price Sheets may be reproduced as needed.
4. Vendors may expand items to identify all proposed services. A separate listing, which must include pricing, may be submitted with summary pricing.

1.24 WARRANTIES

- The Successful Vendor shall warrant that it currently is, and will at all times remain, lawfully organized and constituted under all federal, state and local law, ordinances and other authorities of its domicile and that it currently is, and will at all times remain in full compliance with all legal requirements of its domicile and the State of Arkansas.
- The Successful Vendor shall warrant and agree that all services provided pursuant to this RFP and the Contract have been and shall be prepared or done in a workman-like manner consistent with the highest standards of the industry in which the services are normally performed. The Successful Vendor further represents and warrants that all computer programs implemented for performance under the Contract shall meet the performance standards required there under and shall correctly and accurately perform their intended functions on the equipment supplied by the ALC or the Successful Vendor.
- The Successful Vendor shall warrant that it is qualified to do business in this state and shall file appropriate tax returns as provided by the laws of this state.

1.25 ONGOING PERFORMANCE REQUIREMENTS

The ALC may terminate the Contract by the Successful Vendor or its subcontractors under the terms of the Contract if, within ten (10) days after the ALC gives the Successful Vendor written notice specifying a default, the Contractor has not, in the ALC's sole judgment, either cured the default or given adequate assurance that assures the default will not adversely affect the timely implementation of the lottery or its continued operation.

Moreover, the ALC may cancel and terminate the Contract on less than ten (10) days written notice in cases of fraud, failure to disclose information required under this RFP, submission of work product in contravention of the terms of the Contract, refusal to permit inspections authorized by the Contract, and failure to adhere to all security requirements established from time to time by the ALC.

1.26 VENDOR QUALIFICATIONS

The Successful Vendor must, upon request of the ALC, furnish satisfactory evidence of its ability to furnish products or services in accordance with the terms and conditions of this proposal. The ALC reserves the right to make the final determination as to the Vendor's ability to provide the services requested herein.

The Vendor must demonstrate that it possesses the capabilities and qualifications described in Sections 3 and 5, including without limitation the following:

- Be capable of providing the services required by the ALC;
- Be authorized to do business in this state; and
- Complete the cost schedule exactly as shown under Section 4 and Attachment B.

1.27 NEGOTIATIONS

As provided in this RFP and under the ALC's Major Procurement Rules, discussions may be conducted with responsible Vendor who submits proposals determined to be reasonably susceptible of being selected for award for the purpose of obtaining clarification of proposal response and negotiation for best and final offers.

1.28 INDEMNIFICATION – THIRD PARTY CLAIMS

Third party claims are governed by Arkansas Code Ann. § 23-115-208.

1.29 INTELLECTUAL PROPERTY INFRINGEMENT

Intellectual property claims are governed by Arkansas Code Ann. § 23-115-208.

1.30 LICENSES AND PERMITS

During the term of the Contract, the Vendor shall be responsible for obtaining, and maintaining in good standing, all licenses (including professional licenses, if any), permits, inspections and related fees for each or any such licenses, permits and /or inspections required by the State, county, city or other government entity or unit to accomplish the work specified in this solicitation and the contract.

1.31 OWNERSHIP OF DATA & MATERIALS

All data, material and documentation prepared for the ALC pursuant to the Contract shall belong exclusively to the ALC.

SECTION 2. OVERVIEW

2.0 ALC OVERVIEW

Legislation creating the Arkansas Lottery, also referred to as the Arkansas Scholarship Lottery (ASL), and the Arkansas Lottery Commission (ALC), was signed into law on March 26, 2009 (the Arkansas Scholarship Lottery Act, Ark. Code Ann. § 23-115-101 et seq. and § 6-85-201 et seq.). In accordance with that legislation the ALC, for the benefit of the people of Arkansas, issues this Request For Proposals with the clear intent to operate a lottery that provides continuing entertainment to the public, maximizes the revenue generated for the support of higher education scholarships, preserves the integrity and dignity of the process, and accounts to the public and the General Assembly through reports and audits.

The Arkansas Lottery Commission is an independent agency of the State of Arkansas. It plans to employ approximately ninety (90) people statewide and plans to staff and operate four (4) prize payment centers, a headquarters located in the Little Rock and three (3) district offices by the start-up of instant ticket sales on or before October 29, 2009. The ALC is committed to maximizing revenues for the Arkansas Academic Challenge Scholarship Program (AACSP) and other non-lottery education programs in furtherance of the findings and declarations set forth in the Act creating the Arkansas Scholarship Lottery.

The ALC's retailer base at start-up is expected to be approximately two thousand five hundred (2,500) and its retailer base may be expanded to up to three thousand two hundred (3,200) during the term of the Contract. Thereafter, based on subsequent developments and sales, the retailer base may be expanded. The ALC anticipates that convenience store retailers will be the strongest retailer segment, but the ALC will build and expand its retailer base throughout the state, including grocery and chain stores

Additionally, the ALC plans to staff and operate three (3) prize payment centers in addition to the Little Rock headquarters throughout the State of Arkansas.

2.1 ALC OBJECTIVES

The integrity of the Arkansas Scholarship Lottery is essential. The ALC must maintain control over all functions and be assured that they are performed to provide the greatest long-term benefit to the State of

Arkansas, the greatest integrity for the ALC, and the best service and products for the public, all in a manner consistent with the dignity of the State of Arkansas.

This Request for Proposal is designed to obtain a Contract to provide advertising, marketing, and media services to the ALC. The ALC's advertising, marketing, and media goal is to provide players with: (1) new and creative games; (2) the knowledge and information to play lottery games in a responsible manner; and (3) advertising that maintain the integrity of the lottery. All responses to this RFP shall reflect these overall goals and objectives of the ALC.

The ALC's product mix will be composed of instant tickets and online numbers games.

- Instant Ticket Games: Instant ticket games are where a portion of the ticket face is scratched to indicate if the ticket is a winner. The ALC estimates that instant scratch tickets will represent approximately sixty percent (60%) of the ALC's sales, and between forty (40) and seventy (70) instant scratch games will be introduced per year after the first full year of operation. Online games will represent approximately forty percent (40%) of the ALC's sales.
- Online Games:

(1) 3 Digit Game – A three-digit numbers game with drawings held every afternoon and evening at a time to be determined by the ALC. The ALC will develop a strategic plan that provides launch schedules over the Contract period. The Game has four (4) different play types providing numerous ways to win on the numbers selected. Players may play a straight ticket to match the numbers in the exact order drawn or to play a box ticket to match numbers drawn in any order. Also, a straight/box choice may be selected and played to cover both possibilities. Players may purchase a combination or "combo" ticket which allows a purchase of three (3) or six (6) straight plays;

(2) 4 Digit Game – A four-digit numbers game with drawings held every afternoon and evening at a time to be determined by the ALC. The ALC will develop a strategic plan that provides launch schedules over the Contract period. Drawings will be live and aired on local television stations at a time to be determined by the ALC. The Game has four (4) different pay types providing numerous ways to win on the numbers selected. Players may play a straight ticket to match the numbers in the exact order drawn or to play a box ticket to match numbers drawn in any order. Also, a straight/box choice may be selected and played to cover both possibilities. Players may purchase a combination or "combo" ticket which allows a purchase of four (4), six (6), twelve (12), or twenty four (24) straight plays;

(3) 5 Digit Game – A five-number game with drawings to be held live and aired on local television stations at a time to be determined by the ALC. The ALC will develop a strategic play that provides a launch schedule over the Contract period; and

(4) POWERBALL®/Other Lotto Game – A multi-state jackpot game or another lotto game; the Powerball® Games drawings are held live and aired on television stations on Wednesday and Saturday evenings beginning at 9:59 p.m. Central Standard Time. During the Powerball® drawing, six (6) numbers are drawn: five (5) white ball numbers and one (1) red Powerball® number. Matching all five (5) white ball numbers and the one (1) red Powerball® number wins the jackpot. There are eight (8) other ways to match and win prizes in the Powerball® game. Players may choose a multiplier number which is determined in a separate draw made during the Powerball® drawing. With the purchase of the multiplier named PowerPlay®, all non-jackpot winnings will be multiplied by the PowerPlay® number (2, 3, 4, or 5) selected.

The ALC may launch additional Online games during the Contract period, such as a raffle game or other lotto games.

2.2 SUCCESSFUL VENDOR/ALC RELATIONSHIP

The nature of this RFP and the Contract that will result from this procurement will result in a relationship between the Successful Vendor and the ALC, which relationship must be founded in mutual trust and respect. The Successful Vendor must adopt the same attitudes and concerns towards integrity, security and quality of the Arkansas lottery's games, financial performance, and minority participation and commitment to nondiscrimination as are held by the ALC.

The Vendor will be responsible for providing marketing and advertising support for all lottery games (instant scratch tickets and online), all seasonal and special promotions, and other activities that may be requested during the Contract period, and any extensions to the sales and marketing staff including regional sales managers and marketing sales representatives

SECTION 3. ADVERTISING AND MARKETING, PROCUREMENT OF GOODS AND SERVICES AND, MEDIA PLACEMENT SERVICES

3.0 SCOPE OF WORK/SPECIFICATIONS

1. The ALC's marketing department will be supported by an in-house, advertising group with staff experienced in broadcast production and graphic design. This group will act as a full-service advertising agency. Each year, this group will produce over two hundred (200) jobs that include television commercials, radio spots, promotional material, and much more. The ALC will also out-source television and radio commercials. Print is outsourced based on quantity and material of typically anything over ten thousand (10,000) copies. It will be the responsibility of the Vendor to provide supplemental services, billed on an hourly basis, that enhance the efficient and effective operation of the department while enhancing the overall advertising and marketing message deployed by the ALC. The ALC has the following in-house staff, with the following responsibilities:
 - Advertising Manager: (One Full-time Position):
 1. Manages advertising staff and oversees all advertising from creative development to delivery of Point of Sale, Print, TV and Radio commercials, Traffic, Extended Cable "Infomercials", Outdoor Signage, Promotion, Sponsorships, etc.
 2. Acts as liaison to the externally contracted media buyer in regards to procurement and consulting.
 3. Performs the functions of:
 - Concepting by steering creative direction, script writing, storyboarding and plans level of execution;
 - Broadcast Production by coordinating and scheduling shoot locations, purchasing props, talent, and music for broadcast production; developing specifications for quoting outsourced jobs. Internally printed jobs are based on quantity and medium needed. ACL will print in-house, materials on a high performance printer/copyier. It is anticipated that materials will be printed on card stock (up to 11"x17") with cutting/folding and laminating capabilities.
 - Graphic Artists: (Two Full-time Positions)
 1. Graphic Artists must be experienced in creating concepts, script writing, storyboarding, layout and design using predominately Adobe Creative Suite.
 2. Providing in-house print production, which includes: cutting, sorting, folding, laminating, designing instant ticket designs, POS material, brochures, annual reports, flyers, newsprint, magazine, outdoor signage, graphics for TV, props, photography and assisting in production of commercial shoots.
 - Production Manager: (One Full-time Position)
 1. The Production Manager will be experienced in:
 - Providing concepts, script writing, shooting and editing using predominately Adobe Premiere, Audition, and After Effects for in-house broadcast production.

- Production personnel provide graphics for TV, props, photography and directing, and assist in scheduling production.

3.1 ADVERTISING AND MARKETING

The advertising and marketing services provided by the Successful Vendor pursuant to this Request for Proposal must address the stated specifications and requirements. These services will be provided to the ALC, under the direction of the Vice President of Gaming or his or her designee.

The Vendor will play a significant role in its supplementation of the ALC's marketing program relating to the advertising it will help the ALC produce and place. The Vendor will provide ongoing assistance in the marketing of lottery products including, but not limited to, advertising that may be associated with a specific instant or online game, a group of instant or online games, or promotion(s) or item(s) intended to enhance the ALC's exposure or corporate brand.

The Vendor will assist the ALC in providing advertising and marketing services to include, but not be limited to, the following:

- Creative Concepts and Design;
- Television and Radio Production;
- Web-based Promotional Opportunities;
- Promotions and Promotional Materials;
- Public Awareness Campaigns;
- Beneficiary Awareness Efforts;
- Support campaigns to improve and enhance the games of the ALC;
- Analysis and recommendation of plans, negotiation of agreements, development and implementation of corporate partnerships and tie-ins, and "trade for mention" agreements as requested;
- Research services as requested by the ALC, including marketing planning;
- Attendance during focus group sessions as requested;
- Procurement of authorized items, goods, or services, including production services; and
- Maintenance of financial and accounting records and logs for services provided as directed by the ALC in accordance with generally accepted accounting principles.

As requested by the ALC, the Vendor must attend various meetings at the ALC headquarters. After launch, weekly marketing staff meetings are held, but it is anticipated that the Vendor's personnel will need to attend, on average, two (2) meetings per month. Teleconference attendance may be available or acceptable but physical attendance is preferred. Hourly compensation will be paid for meeting time. The Vendor shall explain any anticipated limitations.

Services listed above may also include the the physical creation of advertising materials, including:

- Print Ads: layout, type specification, paste up, finished artwork or photography, type composition, phototype, photostats, printing plates and mats or negatives and proofs;
- Point-of-Sale Materials: layout, type specifications, paste up, finished artwork or photography, type composition, permanent signage, photostats, and printing;
- Radio: script writing and direction, talent, studio costs, tape stock, reel and boxes supplied by subcontractors;
- Television Production: script writing and direction, storyboards, talent, props, sets or location expenses, studios, photography or videotaping costs, release prints or videotapes, except that television may also be procured pursuant to Section 3.2, when for creative purposes it is in the best interest of the ALC; and
- For Web-based advertising: design, layout, and copy.

All services listed above will be paid on a monthly basis. All projects shall be paid pursuant to the fee schedule. The ALC will determine if the provision of the advertising and marketing services is to be

pursued, sign the form, and return it to the Vendor. The signed form will serve as the only authorization for the Vendor to proceed. Billing for advertising and marketing services may be submitted in progress. Each project or job shall be billed on a separate invoice. Invoices must reference a tracking number and include the amount approved, vendor, and description of the goods and services received from each, quantity and unit cost by item if appropriate, total cost by item, a summary total, and amount previously billed, if any. These reporting requirements may be modified and/or additional information may be required.

The ALC does not grant the Vendor exclusive rights to all advertising and marketing services contemplated under this RFP. In the event the ALC decides that the acquisition of these services by another Contractor is in the ALC's best interest, the ALC reserves the right to contract and purchase advertising and marketing services from a different source outside of the contract resulting from this RFP, and the ALC's action to procure services outside of the contract does not infringe upon, nor terminate, the contract resulting from this Request For Proposal.

3.2 PROCUREMENT OF GOODS AND SERVICES

The Vendor shall purchase goods and services associated with advertising programs and marketing services in order to take advantage of the Vendor's expertise and knowledge and/or to maintain creative executions. The ALC must maintain integrity and creative execution by having the flexibility to respond to market driven factors. This may require the ALC to use vendors for specific services that are not available through other means to ensure timeliness and efficiency in these efforts. Examples of goods or services that may be provided or acquired by the Contractor on behalf of the ALC include:

- All forms of advertising;
- Production services and materials for all media;
- Sponsorships or partnerships and goods and services associated with such sponsorships or partnerships, including "trade for mention" agreements;
- Vehicle and travel packages, discounts associated with promotions or promotional games; partnerships; sponsorships; and games, including "trade for mention" discounts;
- Printed materials;
- Merchandising equipment and materials;
- Promotion equipment, materials, and services, i.e., banners, transportation, storage, assembly and disassembly of items, including materials needed to sell lottery products at special events and promotions;
- Signage, including permanent or semi-permanent items used to provide brand visibility, information, and/or designation of ticket-selling locations;
- Premium items, i.e., clothing, hats, water bottles, sporting goods and equipment, and other similar items or merchandise used in marketing lottery products;
- Promotional prizes, i.e., gift certificates, event tickets, travel packages, vehicles, and other items used as prizes for marketing promotions; and
- Items not specifically identified but within the Scope of Work and of a nature similar to those identified may also be procured or provided by the Vendor at the Lottery's request and approval. The services include, but are not limited to, training programs, studio management and production assistance, consultative services for public affairs, crisis affairs, or public relations. If any of these are provided by a subcontractor(s), the services will be provided as a pass through charge at net cost, without mark up. The amount paid as a pass through will not be charged against the budget limitations established for the scope of services in this Request for Proposal.

Research projects may be requested by the ALC as needed or suggested by the Successful Vendor. If done through a subcontractor(s), the written contract for each research project, the scope of the project, and the cost must be approved, in writing, by the ALC before any work is begun. The ALC shall pay the actual costs for each research project as a pass through cost to the ALC without mark-up. If a research project is to be done with the Vendor's personnel, the scope of the project and the cost must be approved by the ALC in writing, before any work is begun. Research projects may include, but are not limited to, research on advertising within Arkansas and research on advertising for multi-state cooperative games.

Research projects will not be charged against the budget limitation established for the scope of services established in this Request for Proposal.

The Vendor must receive written authorization from the Vice President of Gaming, or his or her designee, before providing or purchasing any goods or services provided in this Request for Proposal. The ALC shall develop a form which must be used by the Vendor for initiating, reviewing, and approving procurements. The form shall include:

- The Vendor as buyer and the ALC as receiver of the goods or services to be procured or provided;
- A unique tracking number;
- The name of the vendor(s) from whom the goods or services are to be procured;
- An itemized list/description of the goods or services to be procured;
- The costs of the goods or services;
- A description of services and goods to be purchased or provided, including unit pricing and quantity information; and
- A recommendation from the Vendor regarding the proposed services or goods to be purchased or provided, including the competitive vendors obtained from prospective vendors, if applicable.

The ALC will determine if the provision of the goods or services is to be pursued. A signed form will serve as the authorization for the Vendor to proceed. Billing for goods and services may be submitted in progress. Each project or job shall be billed on a separate invoice. Invoices must reference a tracking number and include the amount approved, vendor, and description of the goods and services received from each, quantity and unit cost by item if appropriate, total cost by item, a summary total, and amount previously billed, if any. These reporting requirements may be modified and/or additional information may be required.

For certain goods and services, when it is in the best interest of the ALC, the Vendor may make purchases from a specific vendor for reasons of integrity and consistency of creative concept and product, brand recognition, timeliness, efficiency and/or superior qualifications, if the pricing is within the approved budget and it is recommended by the Vendor.

The Vendor shall bill all goods and services purchased by the ALC net cost, without markup and shall pass on to the ALC any discounts earned in conjunction with such purchases. If any non-cash incentives or rewards are offered for the purchase, the Vendor shall attempt to negotiate a cash alternative to be passed on to the ALC in the form of discounted pricing.

A Vendor does not need to restate each item listed in this Section 3.1, but will be bound by all applicable specifications. Information relating to these matters should be incorporated into the Proposal. A Vendor must provide in detail any limitations in meeting the requirements Section 3.

3.3 MEDIA PLACEMENT SERVICES

In addition to the advertising and marketing services, this Request for Proposal is also designed to obtain media advertising placement or related services as described herein. The Contract resulting from this Request for Proposal will require the company selected to meet the needs of the ALC for media placement during the period of the Contract. The Vendor will be required to develop advertisement placement services and strategies following the direction provided by the ALC or its designee. The Vendor will work closely with the ALC in all phases of planning and implementation of these programs. The Vendor's management representative will make presentations to, and consult with, the ALC in the areas of advertisement placement.

The Vendor must procure media, such as radio, print, outdoor advertising, sports sponsorships, internet, and television advertising in a manner consistent with media industry practices. The Vendor is responsible for conducting competitive solicitations for media procurements, obtaining and analyzing bids

from media outlets, and negotiating rates, including leveraging the value of media against “Bonus Spots” and added value opportunities, and recommending media choices to the Vice President of Gaming. The Vendor shall place orders on behalf of the agency after receiving requisite authorization. The Vendor shall be responsible for negotiating “bonus” space or time and recommending the most efficient and effective choice of placing media based on the appropriated budget.

The Vendor shall assist the ALC in obtaining or contracting with television draw partners for the telecast of lottery programming and the scheduling of strategic planning, including quarterly meetings with draw partners. The Vendor shall contact stations, receive avails, negotiate pricing, renew or cancel media based on performance, and ensure the media purchased for an advertising campaign is placed. All media commissions and rebates related to media placement received by the Vendor will net to the ALC. The Vendor shall be responsible for maintaining all documentation relating to media buys and proof of performance. This information may be maintained and located at the ALC, if requested by the Vendor and agreed to by the ALC. All related media information shall be open to inspection by the ALC or other governmental entities during regular office hours.

3.3.1 PLACEMENT SPECIFICATIONS

The media services provided by the Successful Vendor pursuant to this Request for Proposal must address the stated specifications and requirements within the constraints and parameters defined herein. Under the direction of the ALC, the Vendor must provide those media services necessary to provide advertising services.

3.3.2 PLACEMENT SERVICES REQUIREMENTS

The Vendor shall:

- Assist the ALC in the development of comprehensive media plans to launch and support planned lottery games and the overall image of the ALC;
- In conjunction with the ALC, develop and adhere to a budget for media, strategic alliances and sales promotions;
- As authorized by the ALC, develop and track specific plans to maximize awareness of the ALC and its games and recommend budgetary savings where appropriate;
- Develop a specific media plan to maximize impact within the proposed budget and recommend savings where appropriate;
- Negotiate special value-added media opportunities with media buys for all advertising mediums, as appropriate;
- As authorized, implement and satisfy all requirements of the media placement plans, including the following:
 - (a) Negotiation, purchase and instruction for the placement of all time, space and other media;
 - (b) Verification of the broadcast, display, or publication of all requested media according to contracts and placement instructions;
 - (c) Evaluation of performance of broadcast schedules as compared with estimates;
 - (d) Preparation of a quarterly, detailed post-buy evaluation for all purchased media; and
 - (e) As appropriate, media buys should reflect sales trends and research, and be placed with stations and networks consistent with the ALC goals and objectives;
- Estimate all media expenditures in advance for approval by the ALC;
- Provide written assurance that the Vendor will make no financial commitment on behalf of the ALC without prior written approval of the ALC;
- Include the ALC reference name and job number in all correspondence including invoices and authorization forms.
- When requested, assist the ALC in negotiation for the telecast of lottery drawings and other lottery broadcasts;

- Initiate and implement a systematic approach to gathering data which will be utilized to evaluate the effectiveness of the ALC's advertising. Establish an on-going effort to determine what type of communications, including media and messages, are most effective in communicating the ALC's message and apply this information to the development of future media plans. Prepare detailed post-buy evaluations and report same to the ALC;
- From time to time attend, either physically or telephonically, weekly marketing staff meetings and provide weekly Status Reports with updates on all planned, open, and pending jobs to the ALC staff as designated by the Vice President of Gaming;
- As may be required, prepare Meeting Minutes or Vendor Reports for all discussions and meetings with the ALC staff and Contractor within five (5) business days of occurrence;
- Upon request by the ALC, the Vendor must attend the ALC Commission meetings to keep abreast of the ALC's issues, plans, and board directions. The Vendor may be required to provide a briefing or present information as requested by the Commission;
- As requested, assist the Marketing Department in the development and execution of statewide media and player promotions, incorporating television, radio, Internet, print and/or other advertising media;
- The Vendor must become and stay involved with the ALC's account and its marketing management. Vendor must have knowledge of internal and external ALC information. The Vendor must become intimately familiar with the ALC products and marketplace and be committed to the account. In addition, Vendor must stay abreast and be knowledgeable of the cutting edge of web-based media and other state of the art media opportunities;
- Stay abreast of developments in lottery industry by participating in lottery conferences and workshops;
- Review and evaluate all media proposals and make recommendations including the rationale for the recommendations to the ALC;
- The Vendor must bill all services purchased for the ALC at the net cost without markup and shall pass on to the ALC any discounts earned in conjunction with the media or other purchases. The Vendor will attempt to negotiate a cash alternative to be passed on to the ALC for any non-cash incentives or rewards offered for the purchase of media or other services pursuant to the Contract. The Vendor shall not accept non-cash incentives or rewards for the Vendor's own use or on behalf of the ALC;
- Outdoor Media Signage: The Vendor will oversee and directly manage a contract for Powerball® and other Lotto Game signage. Signage must be up dated by via a wireless interface to display the current Powerball® or other Lotto Game jackpot amount. The ALC anticipates signs to be placed at strategic locations throughout Arkansas. The Vendor is responsible for recommending and negotiating placement of all outdoor signage as authorized by the ALC. The Vendor's compensation rate will be applied to the value of the Signage contract. Unless prior written approval is granted by the ALC, no fee or charge may be imposed by the Vendor (other than the Vendor's compensation rate) for placing or managing outdoor advertising, except charges relating to the movement of signage and similar expenses which will be reimbursed by the ALC for the actual cost of the goods or services provided, without mark-up; and
- The Vendor will be required to assist the ALC with strategic alliances, sports sponsorships and other projects on an as-needed basis, including the preparation of media evaluations for such events. Costs of such services shall be separate from, and in addition to, the compensation paid to Vendor for media placement.

3.3.3 TYPES OF MEDIA TO BE PURCHASED

The Vendor will be directly responsible for procuring the following types of media:

- Television
- Radio
- Cable Television
- Outdoor Billboards

- Newspaper
- Magazine
- Regional Promotions
- Professional Sports
- Festivals
- Grocery Store
- College Sports
- Internet/Wireless

Any other media format developed during the term of the award of this RFP and for which ALC requests procurement. The purchase of media, in all its forms, must be efficient, economical, and flexible as required by ALC.

3.3.4 INDUSTRY TOLERANCE

All of the media purchased is subject to normal media purchase tolerances and practices.

3.3.5 MEDIA INVENTORY CONTROL AND MANAGEMENT

The Vendor must work closely with the ALC to ensure that adequate media is available. The Vendor must monitor media inventory quantities and advertisement and promotions movement in order to assure that the potential lack of media for advertisement placement or oversupply conditions can be quickly identified and managed. To ensure that ALC is able to effectively manage media buys for advertising purposes, ALC must receive reports and briefings, either in person or telephonically, on a weekly basis.

3.3.6 ADVERTISEMENT MEDIA PLACEMENT CONTROL AND MANAGEMENT

The Vendor is responsible for and must maintain an inventory control system for ALC advertisement media available for use and advertisement placement. Media status reports must be provided to ALC, either in person or telephonically, on a monthly or quarterly basis, as directed.

3.3.7 RELATED SERVICES

Upon request, procure goods and services for ALC's studio-related programming, productions and equipment. Costs of such services and equipment shall be separate from, and in addition to, the compensation (the percentage commission) paid to Vendor for media placement services. Equipment purchases or third party services shall be billed at the net cost without markup. However, as mutually agreed to in writing prior to any purchase, the Vendor will be paid an hourly fee for its time directly related to the services the Vendor provides for acquisition of the goods and services. The hourly rate shall be based on the nature of the service provided and may vary as to the skill set(s) required to accomplish the project.

SECTION 4. COST PROPOSAL

4.0 ADVERTISING COMPENSATION

Advertising and Marketing compensation for advertising and marketing shall be paid based upon the work performed for goods, services, and projects approved as specified in this RFP. The budget is subject to approval by the ALC Commission.

A Vendor seeking consideration shall submit a compensation proposal as required below for advertising and marketing services as provided throughout the RFP. It is ALC's expectation that the following skill sets or needed tasks described below will or may be assigned to the ALC account to

perform the services required under this RFP. This schedule is a "not to exceed" amount ALC will pay for tasks described. Each Vendor agrees to perform the services specified for the amount stated unless, in its proposal, the Vendor indicates it will provide a specific task(s) at a lower rate. The cost proposal must clearly state that the Vendor agrees to each of the "not to exceed" amounts or the Vendor must clearly state a lower rate for a given category of tasks. The actual name(s) and appropriate title(s) for the individuals who will be performing work within these categories pursuant to this contract must be identified in response to this Section. Vendors may provide additional categories and titles for client service positions that do not exceed the highest hourly rate of two hundred dollars (\$200).

Creative Director:

- Responsible for interpreting the communication goals and objectives of the ALC's assignment and delivering creative concepts to finished products as approved by the client. CD is responsible for creation and execution to finished product of client approved work on approved deadline and delivery schedules. CD directs all copy and art team members within the agency team. CD should also collaborate with ALC's Marketing Staff.

"Not To Exceed" Hourly Rate: \$225

Art Director:

- Responsible for layout and design and other tasks as required by approved work assignments to include print, collateral, electronic, web and other forms of advertising.
- As part of the creative team, Art Director should collaborate with ALC's Marketing Staff as assigned as well as other members of the agency team members.

"Not To Exceed" Hourly Rate: \$175

Copy Writer:

- Responsible for writing all forms of copy as ALC's work assignments dictate, including required revisions, until client approves final copy.
- As part of the creative team, Copy Writer should collaborate with ALC's Marketing Staff as assigned as well as other members of the agency team members.

"Not To Exceed" Hourly Rate: \$105

Account Supervisor:

- Responsible for all client communications and contact reports, origination of jobs, dissemination of all information to other agency account team members, including creative, public relations and financial services, assignment of tasks within the agency and deadlines, both internal and external.
- Responsible for gaining ALC approval on all work to be produced, client approval for deadlines and delivery of that work, and the approval of all costs associated with approved work assignments.

"Not To Exceed" Hourly Rate: \$125 per hour

Account Manager/Coordinator:

- Assists Account Supervisor with all aspects of account supervision as assigned.

"Not To Exceed" Hourly Rate: \$75 per hour

Staff Accountant:

- Responsible for issuing purchase orders for authorized expenditures to vendors for goods and services related to client's approved assignments.
- Billing client for purchased items and agency team members' hours as approved expenditures of client's assignments.

- Billing to meet client's specifications, including all reference or account numbers requested by client.
- Responsible for paying vendors in a timely fashion with procedures for providing proof of performance and verification of receipt of all contracted goods and services

"Not To Exceed" Hourly Rate: \$50

Promotional Specialist

- Assist in the development of promotional opportunities and sponsorships.
- Assist ALC with strengthening educational awareness programs and the ALC "beneficiary message".
- Assist in the development of existing and future promotional partners.

"Not To Exceed" Hourly Rate: \$100

Promotional Staff

- Assist in working, staffing and facilitating of all promotional events.

"Not To Exceed" Hourly Rate: \$25

The fee schedule will cover the time spent in the completion of the requested task or project, as well as other administrative costs (including, but not limited to, secretarial, bookkeeping, budget preparation, including monitoring and auditing services, etc.) The fee schedule will cover the time expended inclusive of all overhead or any other cost associated with the particular individuals who may be performing the services.

4.1 MEDIA COMPENSATION

Media compensation must not exceed five percent (5%) of the gross dollar value of advertising media placement. The rate quoted must apply to all types of media advertisement placement within the scope of this RFP except for those matters expressly allowing an hourly rate. If the Vendor evaluates a proposed media purchase or promotional opportunity at the request of ALC, including special events proposals and ALC does not procure the media, ALC will pay the Vendor a flat fee of one hundred dollars (\$100.00) for the evaluation, unless otherwise agreed to in writing by the ALC. The Vendor is not entitled to a media evaluation fee if the ALC procures the advertising or undertakes the promotional activity or special event as a media placement which was the subject of the evaluation.

4.2 PAYMENT SCHEDULE

The ALC shall pay the Vendor based on the hours expended for approved projects on a monthly basis or as otherwise may be agreed to in writing by the parties. The ALC may request and the Vendor shall provide timesheets or other documentation as may be directed by the ALC prior to the payment for any services rendered. Failure to provide appropriate and satisfactory documentation will be sufficient grounds to withhold payment for the disputed amount, but other nondisputed amounts must be paid in a timely manner. Project costs for which the "pass-through" provisions apply shall be billed and paid for as directed by the ALC.

The ALC shall estimate the annual media placement expenditures in advance of the fiscal year (which begins on July 1st) based on the media budget approved by the Commission. The Vendor's compensation rate will be applied to the estimated annual media placement expenditures and the Contractor will be paid in twelve (12) in equal monthly installments. The ALC will adjust the payment if the actual value of the media placed is increased or decreased during the fiscal year.

4.3 TRAVEL, LODGING, AND MEALS

Travel requests for meetings and conferences other than those held at ALC's headquarters must be pre-approved in writing by ALC and are subject to the same reimbursement levels and requirements imposed on ALC and other state employees. Payment for travel time to and from a lottery conference and time spent at lottery conferences must be agreed to and reduced to writing prior to the travel. Travel requests and requests for payment which are not pre-approved shall not be reimbursed.

Hourly rates for travel time and mileage to and from routine weekly meetings with Marketing and/or Sales staff held at ALC headquarters will not be paid. Hourly rates, mileage and other expenses for other ALC meetings that are not subject to the provisions of this paragraph will be paid as directed and approved in advance.

4.4 PRICE ADJUSTMENTS

Method of Adjustment. Any adjustment in the contract price made pursuant to a clause in the Contract shall be consistent with this Request for Proposal and shall be arrived at through whichever one of the following ways is the most valid approximation of the actual cost to the Vendor (including profit, if otherwise allowed):

- By agreement on a fixed price adjustment before commencement of the pertinent performance or as soon thereafter as practicable;
- By unit prices specified in the Contract or subsequently agreed upon;
- By the costs attributable to the event or situation covered by the relevant clause, including profit if otherwise allowed, all as specified in the Contract; or subsequently agreed upon; or,
- In such other manner as the parties may mutually agree.

Submission of Price or Cost Data. Upon request of the ALC, the Vendor shall provide reasonably available factual information to substantiate that the price or cost offered, for any price adjustments is reasonable.

4.4.1 PRICE ADJUSTMENTS – LIMITED BY CPI

“All Items”: Upon request and adequate justification, the ALC may in its discretion grant a price increase up to, but not to exceed, the unadjusted percent change for the most recent 12 months for which data is available, that is not subject to revision, in the Consumer Price Index (CPI) for all urban consumers (CPI-U), “all items” for services, as determined by the ALC. The Bureau of Labor and Statistics publishes this information on the web at www.bls.gov.

SECTION 5. ADDITIONAL VENDOR REQUIREMENTS

5.0 COMPREHENSIVE VENDOR INFORMATION

All proposals should be complete and carefully worded and should convey all of the information requested by the ALC. If significant errors are found in the Vendor's proposal, or if the proposal fails to conform to the essential requirements of the RFP, the ALC will be the sole judge as to whether that variance is significant enough to reject the proposal. Proposals should be prepared simply and economically, providing a straightforward, concise description of the Vendor's capabilities to satisfy the requirements of the RFP. Emphasis should be on completeness and clarity of the content. Proposals which include either modifications to any of the contractual requirements of the RFP or a Vendor's standard terms and conditions may be deemed non-responsive and therefore not considered for award.

5.1 VENDOR PROFILE

Vendor must submit the following:

- Business Name;
- Business Address;
- Alternate Business Address;
- Primary Contact Name, Title, Telephone, Fax, and E-mail address;
- How many years this company has been in this type of business;

- Proof that the Vendor is qualified to do business in the State of Arkansas;
- A disclosure of the Vendor's name and address and, as applicable, the names and addresses of the following: If the Vendor is a corporation, the officers, directors, and each stockholder of more than a ten percent (10%) interest in the corporation. However, in the case of owners of equity securities of a publicly traded corporation, only the names and addresses of those known to the corporation to own beneficially five percent (5%) or more of the securities need be disclosed; if the Vendor is a trust, the trustee and all persons entitled to receive income or benefits from the trust; if the Vendor is an association, the members, officers, and directors; and if the Vendor is a partnership or joint venture, all of the general partners, limited partners, or joint venturers;
- A disclosure of all the states and jurisdictions in which the Vendor does business and the nature of the business for each state or jurisdiction;
- A disclosure of all the states and jurisdictions in which the Vendor has contracts to supply gaming goods or services, including without limitation lottery goods and services, and the nature of the goods or services involved for each state or jurisdiction;
- A disclosure of all the states and jurisdictions in which the Vendor has applied for, has sought renewal of, has received, has been denied, has pending, or has had revoked a lottery or gaming license of any kind or had fines or penalties assessed to the vendor's license, contract, or operation and the disposition of each instance in each state or jurisdiction. If any lottery or gaming license or contract has been revoked or has not been renewed or any lottery or gaming license or application has been either denied or is pending and has remained pending for more than six (6) months, all of the facts and circumstances underlying the failure to receive a license shall be disclosed;
- A disclosure of the details of any finding or plea, conviction, or adjudication of guilt in a state or federal court of the vendor for any felony or any other criminal offense other than a traffic violation committed by the persons identified under Arkansas Code Annotated § 23-115-501 (b)(1). The ALC may request that any or all of the persons identified under § 23-115-501 (b) (1) undergo a state and federal criminal background check. If requested, a state and federal criminal background check shall be conducted in the manner under § 23-115-601(e);
- A disclosure of the details of any bankruptcy, insolvency, reorganization, or corporate or individual purchase or takeover of another corporation, including without limitation bonded indebtedness, and any pending litigation of the Vendor;
- A disclosure of the Vendor's most recent financial report, including any reports on internal control over financial reporting, and the most recent audit report of the Vendor's operation as a service organization; and
- Additional disclosures and information that the ALC may determine to be appropriate for the procurement involved.

5.2 VENDOR QUALIFICATIONS AND MANDATORY REQUIREMENTS

The Vendor must have been in existence as an agency offering advertising and marketing services for at least three (3) years.

The Vendor must have earned net income of at least three hundred thousand dollars (\$300,000) for two (2) of the the last three (3) years and have been responsible for creating and managing a statewide or regional advertising and marketing campaign.

The Vendor must provide documentation supporting compliance with these requirements.

The Vendor who does not meet these minimum qualifications will be considered non-responsive and will not be evaluated. The ALC reserves the right to make a determination regarding a non-responsive submission.

5.3 GENERAL INFORMATION

Vendor shall submit any additional information for consideration such as specialized services, staffs available, or other pertinent information the Vendor may wish to include.

5.4 BACKGROUND INVESTIGATION

The ALC may conduct background investigations, as required by law. The Successful Vendor shall be required to conduct background investigations with the approval of the ALC on all subcontractors.

5.5 DISCLOSURE OF LITIGATION

A Vendor must include in its Proposal a complete disclosure of any civil or criminal litigation or indictment involving such Vendor. A Vendor must also disclose any civil or criminal litigation or indictment involving any of its joint ventures, strategic partners, prime contractor team members, and subcontractors. This disclosure requirement is a continuing obligation, and any litigation commenced after a Vendor has submitted a Proposal under this RFP must be disclosed to the ALC in writing within five (5) days after the litigation is commenced.

5.6 IMPLEMENTATION ROLLOUT

A Vendor must provide a summary overview and an implementation plan for the entire project being proposed. The intent of this requirement is to provide the ALC with a concise but functional summary of (the "Executive Summary") discussion of each phase of the Vendor's plan in the order of progression. While the ALC expects a Vendor to provide full details in each of the sections in other areas of the RFP relating to its plan, the Executive Summary will provide a "map" for the ALC to use while reviewing the Proposal.

Each area summarized must be listed in chronological order, beginning with the date of Contract execution, to provide a clear indication of the flow and duration of the project. A Vendor may use graphics, charts, pre-printed marketing pieces, or other enhancements as a part of this section to support the chronology or add to the presentation. Any such materials must be included in the original and each copy of the Proposal.

5.7 BACKGROUND AND FINANCIAL VIABILITY

A Vendor must provide evidence of financial responsibility and stability for performance of a Contract of this magnitude. A Vendor must demonstrate the ability to finance the project described by the Vendor's submission and must also disclose any outside financial resources that will be utilized.

In addition, a Vendor must submit a copy of its last three (3) years financial statements that have been audited by an independent public accounting firm.

5.8 VENDOR'S ADVERTISING QUALIFICATIONS

A Vendor shall provide resumes or short biographies and qualifications of all management, supervisory, and key personnel to be involved in performing the services contemplated under this RFP. The resumes shall present the personnel in sufficient detail to provide ALC with evidence that the personnel involved can perform the work specified in the RFP. A Vendor shall provide a brief history of its company, to include the name and location of the company and any parent/subsidiary affiliation with other entities. If a Vendor is utilizing the services of a subcontractor(s) for any of the service components listed, the Vendor shall include in its proposal response a brief history of the subcontractor's company to include the information requested herein.

A Vendor shall provide:

- A brief professional history, including the number of years of experience in advertising and marketing, and any professional affiliations and trade affiliations.

- A listing of current accounts and the longevity of those accounts.
- An organizational chart highlighting the names/positions that will be involved in the contract, including the individual who will be primarily responsible for managing the account on a day-to-day basis.
- An outline of the Vendor's or employees' experience in each of the following areas:
 - (a) Advertising and marketing;
 - (b) Quick turn-around responses to changes in market conditions; and
 - (c) Market research.
- A full explanation of staffing, functions, and methodology to be used in areas of advertising and marketing and account management, identifying specifically the personnel that will be assigned to the account. All such personnel are subject to ALC approval. Describe any staff functions that are considered unique to the account. Provide contingency plans for departure of key staff.
- An indication of how soon after the contract award the personnel named would be available, and indicate any possible scheduling conflicts that might exist during the period of the contract. Any other limitations on the availability to perform under this RFP or to attend meetings must be fully explained.
- Create an advertising and marketing launch campaign which may used by the ALC during launch, including proposed logos. The initial launch campaign should include a statewide talent search for draw talent. Individuals selected as draw talent will be used for live online game drawings to be televised statewide on lottery draw partner television stations. The ALC does not use advertising focused on winning a dream and seeks, through this exercise, the type of creative assistance an Vendor may suggest in advertising and marketing lottery products in a socially responsible manner.
- Provide an outline or other information relating to why the Vendor's experience qualifies in meeting the Comprehensive Advertising and Marketing, Procurement of Goods and Services and Media Placement Services specified in Section 3 of this RFP.

The Vendor should demonstrate the work the Vendor has done for clients during the past three (3) years and indicate what individual on its staff was responsible for the work. Referenced work should provide a clear indication of the types of advertising and marketing services that can be obtained for ALC.

A Vendor shall provide information on any conflict of interest with the products and goals of ALC that could result from other projects in which the Vendor is involved. Failure to disclose any such conflict may be cause for Contract termination or disqualification of the response. Additionally, an Vendor must include in its response a complete disclosure of any civil or criminal litigation or indictment involving the Vendor. A Vendor must also disclose any pending litigation for any of its subcontractors. This disclosure requirement is a continuing obligation, and any litigation commencing after a Vendor has submitted a response under this RFP must be disclosed to ALC in writing within fifteen (15) days after it is filed.

A Vendor or its subcontractor(s) must list all clients that were lost between January 2007 and the present and the reason for the loss. ALC reserves the right to contact any accounts listed in this section. A Vendor must describe any contract disputes involving an amount of thirty-five thousand dollars (\$35,000.00) or more the Vendor, or its subcontractor(s), has been involved in within the past two (2) years. Please indicate if the dispute(s) have been successfully resolved.

5.8.1 BACKGROUND INVESTIGATION

Vendors must allow agents ALC to perform an investigation of the financial responsibility, security, and integrity of an Offeror submitting a bid, if required by ALC.

5.9 VENDOR'S MEDIA QUALIFICATIONS

In order to evaluate Vendor's responsibility, the Vendor shall submit the following information or documentation for the Vendor and any subcontractor, if the value of subcontractor's portion of the work exceeds ten percent (10%) of your price (if in doubt, provide the information):

- Include a history of the Vendor's experience in providing work of similar size and scope.

- Vendor's most current financial statement, financial statements for the last two (2) fiscal years, and information reflecting Vendor's current financial position. If Vendor has audited financial statements meeting these requirements, Vendor must provide those statements.
- A detailed, narrative statement listing the three most recent, comparable contracts (including contact information) which Vendor has performed and the general history and experience of its organization.
- A list of every business for which Vendor has performed, at any time during the past three (3) year(s), services substantially similar to those sought with this solicitation. Err on the side of inclusion; by submitting an offer, Vendor represents that the list is complete.
- List of failed projects, suspensions, debarments, and significant litigation.

5.10 SUBCONTRACTOR IDENTIFICATION

If Vendor intends to subcontract with another business for any portion of the work and that portion exceeds ten percent (10%) of the Proposal price, Vendor's offer must identify that business and the portion of work which they are to perform. Identify potential subcontractors by providing the business' name, address, phone, taxpayer identification number, and point of contact. In determining Vendor's responsibility, the ALC may evaluate Vendor's proposed subcontractors.

SECTION 6. EVALUATION CRITERIA FOR SELECTION

The Vendor should address each item listed in this RFP to be guaranteed a complete evaluation. After initial qualification of proposals, selection of the Successful Vendor will be determined in Committee by evaluation of several factors.

In order to ensure the maximization of revenue for higher education scholarships and grants during start-up, the ALC has developed evaluation criteria that will be used by the ALC evaluation committee which is incorporated in Section 6.0 of this RFP. Other agencies and consultants of the ALC may also examine documents.

The ALC requires that the comprehensive Advertising, Marketing and Media Services requested under this RFP be available for use by the ALC the day after the Contract Execution Date. Submission of a proposal implies Vendor acceptance of the evaluation technique and Vendor recognition that subjective judgments must be made by the ALC evaluation committee during the assignment of rating points.

The Vendor shall be aware of the provisions for an "Early Start Up Date" detailed in both the Instant Ticket Lottery Game Services and the Online Lottery Game Services and Lottery Gaming System and Services RFPs' dated June 19, 2009 and any addendums thereto.

The ALC reserves, and a Vendor by submitting a Proposal grants to the ALC, the right to obtain any information from any lawful source regarding the past business history, practices, and abilities of Vendor, its officers, directors, employees, owners, team members, partners, and/or subcontractors.

The Lowest Overall Cost Proposal for Advertising Compensation will receive the maximum allocated points (Twenty – 20 points). All other proposals will receive a percentage (%) of the points available based on the following formula: The base cost relationship to the lowest overall costs proposal submitted will be allocated according to the following formula. $\text{Lowest Overall Costs Proposed} / \text{Other Overall Proposed Costs Response(s)} \times \text{Twenty (20) Evaluation Criteria Points} = \text{Points Awarded}$.

The Lowest Overall Cost Proposal for Media Compensation will receive the maximum allocated points (Twenty – 20 points). All other proposals will receive a percentage (%) of the points available based on the following formula. The base cost relationship to the lowest overall costs proposal submitted will be allocated according to the following formula. $\text{Lowest Overall Costs Proposed} / \text{Other Overall Proposed Costs Response(s)} \times \text{Twenty (20) Evaluation Criteria Points} = \text{Points Awarded}$. Any Media

Compensation percentage which exceeds five (5) percent of the gross dollar value of advertising media placement will automatically receive zero (0) points (Refer to Section 4.1 Media Compensation).

6.0 EVALUATION POINTS

Criteria	Points
Section 5 Additional Vendor Requirements, Excluding Section 5.8 Related to the Launch Campaign and Section 5.9 Related to Vendor's Media Qualifications	20
Section 5.9 Vendor's Media Qualifications:	
• Television	10
• Radio	8
• Outdoor Billboards	4
• Print and Other Media	3
RFP Section 3.0, Section 5.8, and Section 6 Related to the Marketing and Advertising Launch Campaign and Early Start Up Date for both Instant Games and Online Games	10
Minority-Owned and Female-Owned Business Participation	5
Subtotal	60
Cost	
• Section 4.0 Advertising Compensation	20
• Section 4.1 Media Compensation	20
Total Points	100